

# Auditor's Summary

## Financial Audit of the Department of Transportation, Harbors Division

Financial Statements, Fiscal Year Ended June 30, 2018



PHOTO: DOT HARBORS DIVISION

**THE PRIMARY PURPOSE** of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Department of Transportation, Harbors Division (DOT—Harbors), as of and for the fiscal year ended June 30, 2018. The audit was conducted by KKDLY LLC.

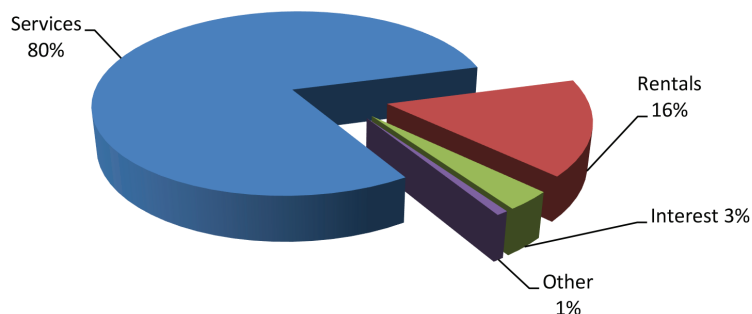
### About the Division

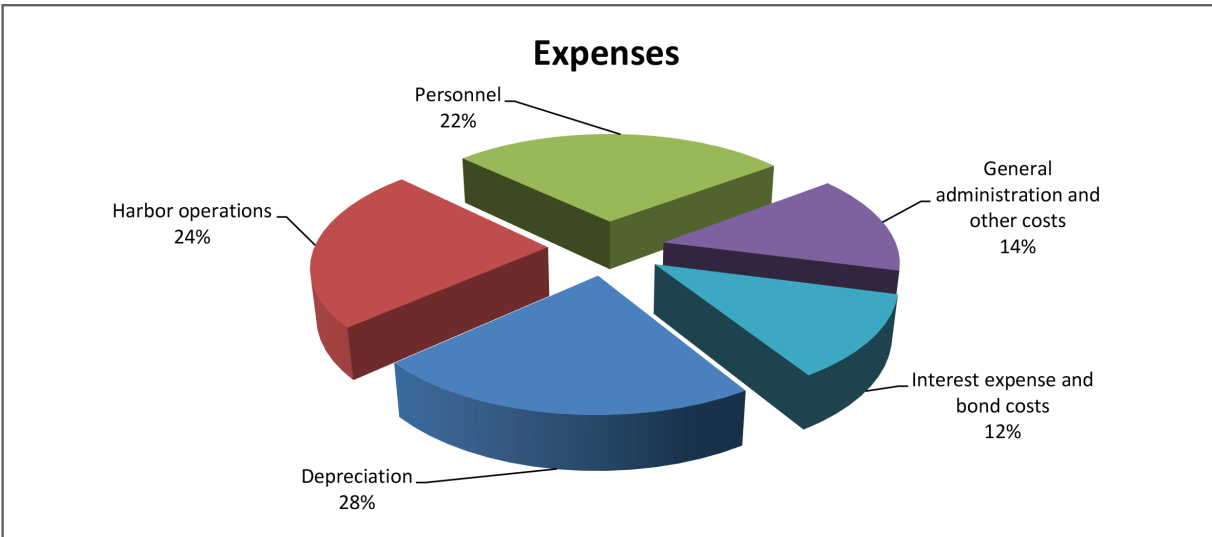
**DOT—HARBORS** is responsible for the statewide system of commercial harbors, consisting of ten harbors on six islands. The system plays a vital role in Hawai'i's economy, as the ports serve as the primary means for goods to enter and exit the State of Hawai'i. Hawai'i imports approximately 80 percent of what it consumes, the majority of which enters the State through the commercial harbors system. DOT—Harbors is authorized to impose and collect rates and charges for use of the harbors system and its properties to generate revenues to fund operating expenses. Capital improvements are funded by DOT—Harbors' revenues and the issuance of harbor system revenue bonds.

### Financial Highlights

**FOR THE FISCAL YEAR** ended June 30, 2018, DOT—Harbors reported total revenues of \$170.6 million, total expenses of \$98.4 million, and capital contributions of \$200,000 from federal grants restricted for capital asset acquisition and facility development, resulting in an increase in net position of \$72.4 million. Total revenues consisted of \$136 million in services, \$27.7 million in rentals, \$5.5 million in interest income, and \$1.4 million in other revenues.

#### Sources of Revenues





Total expenses consisted of \$27 million in depreciation, \$23.5 million in harbor operations, \$11.8 million in interest and bond costs, \$21.9 million for personnel, and \$14.2 million in administration and other costs.

As of June 30, 2018, total assets and deferred outflows of resources of \$1.36 billion were comprised of cash and cash equivalents of \$406.6 million, receivables of \$18.8 million, net capital assets of \$921.4 million, and other assets and deferred outflows of resources of \$15.4 million. Total liabilities and deferred inflows of resources totaled \$472.1 million, comprised of \$299.8 million in revenue bonds payable and related accrued interest payable, \$23.3 in general obligation bonds payable, \$26.8 million in capital lease obligation and related accrued interest payable, \$28.8 million due to other State agencies, \$14.3 million in accounts and contracts payable, and \$79.1 million in other liabilities and deferred inflows of resources.

## Auditors' Opinion

**DOT—HARBORS RECEIVED AN UNMODIFIED OPINION** that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles.

## Findings

**THERE WERE NO REPORTED DEFICIENCIES** in internal control over financial reporting that were considered to be material weaknesses and no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

For the complete report and financial statements visit our website at:  
[http://files.hawaii.gov/auditor/Reports/2018\\_Audit/DOT\\_Harbors\\_2018.pdf](http://files.hawaii.gov/auditor/Reports/2018_Audit/DOT_Harbors_2018.pdf)